

IRS Oversight Board

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IRS OVERSIGHT BOARD HEARS FROM STAKEHOLDERS; CUSTOMER SERVICE AND IMPORTANCE OF MEASURES DISCUSSED

(Washington, DC) The IRS Oversight Board held a public forum on February 8th. At the forum, it heard the concerns of tax professionals relating to IRS customer service and the importance and impact of measures.

Participating were representatives of a wide range of organizations, including the American Bar Association, the American Institute of Certified Public Accountants, the National Association of Enrolled Agents, the Tax Executives Institute, a Taxpayer Advocacy Panel, the Internal Revenue Service Advisory Council, the National Treasury Employees Union, and others.*

At the forum, participants offered their views on what represents good customer service in tax administration. Most agreed that good service is defined by the taxpayers' perspective, so there cannot be a "one size fits all" service solution. Some stakeholders emphasized the importance of the IRS to base its decisions on research and data before providing or stopping a customer service, and that while it is meaningful for the agency to ask those affected for their views on changes, the process is not complete without a follow up to discuss final decisions.

Measuring the performance of the IRS was also discussed. The IRS uses many different metrics to measure its performance; those metrics can affect the agency's productivity, how it allocates resources, and how its employees are managed. The participants thought these annual measures of performance should be made available to the taxpaying public as a gauge of success in meeting performance targets. Some participants indicated that long-term goals and measures such as the e-file goal have had an impact on tax administration and new long-term goals and measures for tax administration should be considered.

"This year's public forum was a success. The Board was able to have a productive session of open discussions from the people who deal with the IRS every day. The participants bring fresh ideas, new insights, and an unwavering dedication to taxpayers. Their perspectives are among the most important to the Board and I hope for the IRS," said Board Chairman Raymond T. Wagner, Jr.

Board Reviewed Long-Term Vision of Business Systems Modernization and the Impact of Potential Budget Reductions

On February 9th, the Board discussed anticipated budget reductions in the Business Systems Modernization initiative. The President's FY2007 Budget recommended a 15 percent reduction in BSM spending, a cut from \$197 million in FY2006 to \$167 million in FY2007.

The reductions may impede the IRS' ability to replace the Individual Master File with the Customer Account Data Engine, which is the key to modernizing the system. As a result, the IRS' infrastructure will continue to run on outdated operating systems, which takes days, not minutes, to update accounts. The legacy system is expensive to maintain, difficult to upgrade, and introduces higher risk for system failure in the future.

* For a complete list of participants and prepared statements, go to www.irsoversightboard.do.treas.

“Cutting the BSM program after it has turned a corner and begun to produce tangible benefits for taxpayers will delay further the IRS’ ability to operate like a modern financial services organization,” said Chairman Wagner. “The Board has consistently called for a commitment to provide stable funding for the BSM program. While the IRS is working hard to find ways to make the most out of limited resources, this budget recommendation is a setback to tax administration modernization. The BSM program is necessary; it’s doable; and it should be funded at a higher level.”

Board Reviewed IRS Human Capital Strategic Plan

The IRS Oversight Board reviewed the IRS Human Capital Strategic Plan at its February 9th meeting. The plan describes the strategies the agency will conduct to build and maintain its workforce over the next five years. The plan also includes an implementation plan that establishes a way to assess the workforce, increase employee proficiency, leverage technology, and enable agile management action. An important component of the plan is a clear set of measures that will allow managers and employees to set clear goals and gauge their performance. The Board worked closely with the IRS to develop the plan.

“This is a solid plan. It has been needed for some time, and it will help the IRS make the most its greatest asset: its dedicated workforce,” said Chairman Wagner.

Taxpayer Advocate Meets with Board

National Taxpayer Advocate Nina Olsen met with the Board to discuss her 2005 Annual Report to Congress. The report describes the most serious problems faced by taxpayers. This year, Ms. Olsen reported a trend in taxpayer service that focuses more on electronic services and away from face-to-face contact. She recommended in her report that the IRS “spend more time studying what types of services different taxpayer segments need and how best to deliver these services to help taxpayers remain compliant.”

The Board praised the Taxpayer Advocate’s efforts to resolve problems associated with the IRS Criminal Investigation division’s Questionable Refund Program (QRP) that “freezes” some refund claims the IRS believes may be associated with fraud. The Taxpayer Advocate said that while the QRP is an important program to protect against tax fraud, the IRS must implement ways to notify taxpayers that their refunds have been frozen, provide taxpayers with an opportunity to submit documentation, and bring cases to a quicker resolution.

“The work of the National Taxpayer Advocate is extremely valuable to the Board,” said Chairman Wagner. “We appreciate her efforts on behalf of taxpayers.”

Finally, the Board heard a presentation on the IRS’ mission assurance and security services plan. The IRS’ response to Hurricane Katrina demonstrated the agency’s emergency preparedness plans and response capabilities to assist taxpayers and safeguard their data (*see Board’s October 6, 2005 release, “IRS Oversight Board Commends IRS’ Katrina Response and Progress on Modernization” at www.treas.gov/irsob/releases/2005/0905.pdf*).

The next Board meeting will be held in Washington, DC on May 23-24, 2006.

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